

Message Text

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ACTION AID-59

INFO OCT-01 EA-11 ADP-00 IGA-02 EB-11 L-03 CIAE-00 INR-10

NSAE-00 RSC-01 COME-00 TRSE-00 AGR-20 XMB-07 FRB-02

OMB-01 RSR-01 /129 W

----- 072287

R 1040422 Z APR 73

FM AMEMBASSY PHNOM PENH

TO SECSTATE WASHDC 912

C O N F I D E N T I A L PHNOM PENH 3556

FOR STATE/ AID

E. O. 11652: GDS

TAGS: EFIN, EAID, CB

SUBJECT: NOUVEAU MARCHE SALES, CIP, AND GKR FX POSITION

REF: (A) STATE 066705; (B) STATE 067849; (C) PHNOM PENH 3105
(D) PHNOM PENH 3425; (E) PHNOM PENH 3520 ; (F) STATE 067781

1. NOUVEAU MARCHE WAS CLOSED APRIL 12, 1973 AND WILL BE
CLOSED APRIL 16, 1973 ON ACCOUNT OF KHMER NEW YEAR. FIRST
QUARTER ESF SALES, EXCLUDING PL 480 FREIGHT, US \$5.9 MILLION.
THIS RATE OF SALES NOT EXCESSIVE. IF IT IS ASSUMED TOTAL CY
1973 ESF RESOURCES ARE US \$35 MILLION LESS PL 480 FREIGHT OF
\$6.5 MILLION, THEN QUARTERLY RATE OF ESF SALES, EXCLUDING PL
480 FREIGHT, WOULD BE APPROXIMATELY US \$7.1 MILLION.

2. RE REF A, NOUVEAU MARCHE SALES OF US \$1.1 MILLION IS
EXCESSIVE AND REFLECTS SPECULATIVE DEMAND FOR LUXURY GOODS,
ESPECIALLY CARS AND MOTORBIKES (SEE REFS C AND D). BNC
OFFICIALS AND IMF REPRESENTATIVE EVERS STATED THEY BELIEVE
THIS SPECULATION DUE MAINLY TO OUR EMBASSY'S POSITION REGARDING
LUXURY GOODS BECOMING KNOWN TO IMPORTING COMMUNITY. FURTHER,
EVERS STATED IMPORTERS ARE MISINTERPRETING OUR REQUEST TO
SONEXIM, NOT TO ACCPET NEW APPLICATIONS FOR CIP MONEY UNTIL
L/ COMS ARE ISSUED, AS AN EMBASSY ATTEMPT TO APPLY PRESSURE TO
GKR ON OTHER ECONOMIC ISSUES.

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3. IN DISCUSSIONS WITH EVERS, WE EXPRESSED OUR CONCERN OVER
LATEST ESF SALES AND MADE SURE HE UNDERSTOOD THAT NO RELIEF ON

PL480 FREIGHT COULD BE EXPECTED. WE HAVE TALKED ABOUT VARIOUS WAYS TO LIMIT THE SPECULATIVE DEMAND FOR LUXURY GOODS AND FEEL SATISFIED HE IS AWARE OF OPTIONS OPEN TO HIM AND OVERALL FOREIGN EXCHANGE SITUATION. WE INFORMED HIM THAT WE WOULD DETERMINE THE STATUS OF OUR REQUEST FOR GRANT 606 L/ COMS (REF E).

4. BNC INFORMED COMMERCIAL BANKS APRIL 12, 1973, THAT THE DESPOT RATE FOR CIP WILL BE 50 PERCENT (SEE REF (F)). THIS WILL EXCLUDE POL, SUGAR, AND RICE AS BEFORE. WITH THIS MESAURE IN PLACE AND IN VIEW OF PARA 2 ABOVE, MISSION WILL REVIEW POSITION RE SONEXIM' S ACCEPTANCE OF CIP APPLICATIONS EARLY NEXT WEEK EVEN IF L/ COMS HAVE NOT BEEN ISSUED BY THEN.

5. RE PARA 2, REF A, 73 THOUSAND IS CORRECT. DRAMATIC DROP DUE TO NO CIP MONEY AVAILABLE IN L/ COMS.

6. RE PARA 1, REF B, EVERS HAD JUST INFORMED US OF SIMILAR INFORMATION. WE ASSUME THE DRAWING WILL BE FOR MORE THAN ORIGINAL

US \$6.8 MILLION DUE TO DOLLAR DEVALUATION AND FACT THAT COMPENSATORY DRAWING RIGHTS STATED IN TERMS OF SDRS.

7. RE PARA 2, REF B, BNC HAS SUPPLIED TO US FOLLOWING INFORMATION CONCERNING FX RESERVES:

END MONTH FX RESERVES
(US \$ MILLIONS)

ITEM	DEC	JAN	FEB	
1. USEABLE RESERVES				
GOLD	15.6	15.6	17.4	
DOLLAR HOLDING		3.8	5.9	9.3
TIME DEPOSITS		.6	.6	.7
SDR	4.6	4.6	5.1	
ADB SUBSCRIPTION		1.0	1.0	1.0
TOTAL USEABLE RESERVE		25.6	27.7	33.5
2. BLOCKED FRENCH FRANCS		8.4	8.4	9.4

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3. LIABILITIES TO			
COMMERCIAL BANKS	3.2	3.1	3.1

FEBRUARY DATA INCLUDES THE US \$2.5 MILLION GAIN DUE TO DOLLAR DEVALUATION. ACTUAL MARCH DATA WILL BE AVAILABLE AFTER KHMER NEW YEAR, ALTHOUGH TOMASSON ESTIMATE SEEMS ACCURATE. EXPORT EARNINGS FOR JANUARY AND FEBRUARY WERE US \$2.2 MILLION, JUST UNDER PROJECTED ANNUAL RATE OF US \$14 MILLION EVEN THOUGH FEBRUARY IS A SEASONALLY LOW MONTH. INVISIBLE EXPORT EARNINGS WERE US \$2.3 MILLION, AND INVISIBLE IMPORTS WERE US \$2.0 MILLION FOR

THE SAME TIME PERIOD.

8. UNOFFICIAL AND PRELIMINARY INFORMATION ON FANK EFFECTIFFS
PAID IN MARCH INDICATES SOME PROGRESS IS BEING MADE AT REDUCING
THE NUMBER. EVEN IF THIS PROVES TO BE ACCURATE THERE IS NO
LONGER THE URGENCY FOR DEPOSITING OUR \$4 MILLION IF THE IMF
DRAWING WILL BE AVAILABLE IN NEAR FUTURE.
SWANK

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